NASFAA's "Off the Cuff" Podcast - Episode 163 Transcript

Speaker 1:

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Justin Draeger:

Hey, everyone. Welcome to another edition of Off The Cuff. I'm Justin Draeger.

Allie Arcese:

I'm Allie Arcese with our communications team.

Ben Miller:

I'm Ben Miller from the Center for American Progress.

Jen Mishory:

I'm Jen Mishory from The Century Foundation.

Robert Kelchen:

And I'm Robert Kelchen calling from my office at Seton Hall University.

Justin Draeger:

Thanks for joining us, everyone. This is another special edition, August edition of Off The Cuff. As we've just heard, we have three special guests with us who are all folks that we recently published research reports that were commissioned by NASFAA, but were funded by the Bill & Melinda Gates Foundation, all about how we can make the NASFAA more efficient and work better for students and schools.

Justin Draeger:

We're going to dig into all of that in just a moment. Right now, schools are in the thick of it. Robert, have they started on your campus?

Robert Kelchen:

Yeah. Monday was the first day of class. The first week is online because the governor stepped in late to say colleges can reopen in person. We're starting back in person on Monday, so I'm seeing students around campus and we'll see how long they're able to stay.

Justin Draeger:

That last statement makes me think you don't think that you guys are going to be on campus for the entire semester.

Robert Kelchen:

It's possible, but it's just going to be hard for colleges. You bring lots of people together and the thing that New Jersey has going forward is the virus transmission rate is lower, but around the country we've seen virus transmission rates spike at colleges. Some will make it, some won't.

Justin Draeger:

I talked to a couple of aid folks. Besides trying to enroll classes, trying to make sure your students' financial aid is squared away, last minute issues with people getting their disbursements, dealing with professional judgments which are up, this is unevenly distributed, but at some schools they're up double what they were the previous year, on top of all of that, there's just the added stress of this pandemic hanging over you. And whether you're going to be healthy or transmit it to somebody else.

Justin Draeger:

The stress I think is pretty palpable. This edition of Off The Cuff is a little less about that, and I think a little bit more big picture strategy about the FAFSA. Each of you did as I said before, a paper for us and I want to dig right into some of the issues related to the FAFSA. Ben, I can't remember if you pointed this out in your paper. I heard you say it somewhere else, but next year is the 30th birthday of the FAFSA if I remember right.

Ben Miller:

Yeah, I think that's right because it's ... what is it 92 or 91? I forget. I guess if you could do the math, about 30 would be there.

Justin Draeger:

Right. So obviously, you have big plans to celebrate?

Ben Miller:

Yeah. You know we figured we throw it a party and maybe get a socially distant cake. Although hopefully, we can see each other in person by then.

Justin Draeger:

Allie, we need to make a note about a FAFSA cake for next year.

Allie Arcese:

Yeah. Well, I was going to say we celebrated PPY. So, why not the FAFSA birthday?

Justin Draeger:

That was a huge celebration.

Ben Miller:

You could also try and get one that says, what is it FASFA? And get the cake misspelling.

Allie Arcese:

That's like nails on a chalkboard.

Justin Draeger:

The original idea, so if we go back 30 years ago and we all looked at where we were in 1992, obviously, we were all working in financial aid and college access. So '92, the idea around the FAFSA at the time was this common application. So we had all these schools using different methodologies and different applications. This was supposed to be the one application to rule them all, the FAFSA.

Justin Draeger:

Now it hasn't exactly worked out that way, but the original idea of the FAFSA was simplification. So all of the papers that we commissioned on this, trying to get back to basics, how do we simplify this further? How do we take these complications and make them easier for students? Because this can be a real barrier.

Justin Draeger:

Ben, the paper that you published really focused in on this idea of a onetime FAFSA, or if it's more palpable for NASFAA members, a multi-year FAFSA. Could you identify, what is the problem that this is trying to solve?

Ben Miller:

Yeah. I think it's really doing two things. One is we know that making people fill out the FAFSA again, year after year can be burdensome. You may have to track down your family's information, you may have to do the tax merge, which may or may not work depending on how much you've done that year. And for a lot of people, it's really not changing anything. And so that can create a lot of headaches for basically everyone involved in the system to generate a result that's basically the same as last year.

Ben Miller:

So what we were saying was there's been a lot of focus on simplifying the FAFSA by taking away questions, making it shorter and shorter. And part of why I'm intrigued by the notion of a onetime FAFSA is it acknowledges the fact that as you were alluding to, Justin, that form actually serves multiple purposes. We talk about it a lot in federal policy about Pell Grants and student loans, but it also matters for institutional aid. It also matters for state aid. So the rationale would be rather than asking fewer questions, we ask the number of questions we used to ask, but we just ask them less often.

Ben Miller:

That would then have a benefit to make it easier for say, aid office, a state or an individual to actually have done a multiyear plan for how much money they're going to get. So they can get a sense of talking about paying for college not as a year by year basis, but really as how much are we going to pay for my entire education?

Justin Draeger:

One of the things that you said in there was that a lot of people basically, have the same application entry that they had the previous year. Their income doesn't change a lot, their assets don't change if they're required to report assets. So, can you quantify that for us? What's the distribution and how does it look for various student populations?

Ben Miller:

Yes. I should note here these figures are coming from a paper we did call One and Done that Colleen Campbell, who used to be on my team here at CAP did. We worked with NASFAA and the Association of Community College Trustees to get data from, I think it was about 30 schools. And essentially, what we found was that the majority of Pell recipients all have stable expected family contribution

Ben Miller:

They basically don't really change much year to year. So when you break it down, independent students do not have dependence, about 52% from the sample showed no change in their EFC year to year, and three quarters of independent students who had dependents saw their change. It is lower for dependent students. It's only about 38% there. Although, if you were to define stable as being a little bit broader than just absolutely no change to something like say $500 in either direction, it does get at that point that'll pick up on a majority.

Ben Miller:

So the shorter version of that is to say, if you've got a Pell recipient, a majority are quite stable, especially if you were to say within a $500 change in one direction or another. When you're talking about people who don't get Pell, it does get harder because those are my definition, people who are of higher income. There's more room to move around there. If your EFC is $15,000, a difference of $1,000 here or there certainly, might matter for institutional aid, but it doesn't for the federal side of things.

Justin Draeger:

So let's look at the dependent students, because you said there's more variability there. But even if you were to do that $500 tolerance on each side, that would even take it into a majority, the majority of those Pell Recipients. Did you try to isolate, like well, how much of the change for those dependent students is income versus the things that can really change your EFC, like household size, number in college?

Ben Miller:

We looked at this and we saw that about 60% had no change in their family circumstances, so that suggests that if there was a change in their EFC, it was because of either their income or their assets. The other 40% had to change neither the number in college or the number of family or both. And some of those could have also had an income. It's a little harder to basically bifurcate all of those things.

Ben Miller:

But part of the challenge you run into is that the way they expected family contribution calculation works, it's still rather sensitive to not that much of a change of income. So some of these folks who had a change of say $500 to a $1,000, if they had gotten a Pell Grant, the typical change was less than $4,000 of income. So it's just that basically, when you're right on some of those margins that not that many dollars of income will change your expected family contribution a decent amount.

Justin Draeger:

I'm thinking about Senator Alexander's bill to simplify the FAFSA. And one of the things that was maybe ... he basically divided the Pell Grant formula from the rest to the EFC, which he then called the Student Aid Index.

Justin Draeger:

But in either case, he got rid of number in college entirely, which besides the operational and deviation that it can cause students in their EFCs, there is a philosophical underpinning there that I think is based on the timing when you had children, that's going to determine at that moment in time, how much you could pay for college.

Justin Draeger:

So I guess my point being, you could even cut down some of the deviation that you saw from year to year if we weren't even taking into account number in college.

Ben Miller:

Yeah, that's totally correct. I think one of the things that really stood out to me as I was working on this paper was just, once you start going down the road of saying let's do a multiyear FAFSA, you then get to very logical questions about other forms of need analysis simplification. And I think clearly the question about number in college is a prime candidate for something that should just go.

Ben Miller:

Because if you're already looking at number of family, I think it's reasonable to have a base assumption that any other young dependents might go to college too, rather than playing this game of if they're in college at the same time, they'll be treated differently and things like that. Because if you just have the space for kids five years apart, rather than four, it doesn't make a ton of sense.

Ben Miller:

I think that what I hope this paper spurs the conversation about what else can we do to further simplify these things, while also recognizing what we don't want to do is simplify it so much that we would then go back to where we were in the 1980s, where we suddenly have 1,000 different forms and formulas and things like that. Because if we simplify on the federal side and everybody then creates their own application form, we've undone the whole point of the simplification in the first place.

Justin Draeger:

So one of the things that you get into before we move on, which I would encourage everybody to go read, the discussion that you put into the paper, but from an aid director standpoint, there's an operational nightmare that isn't difficult to create. And I wonder how you respond to it.

Justin Draeger:

The nightmare being, well, what thresholds determined whether somebody needs to complete a new FAFSA, or at least new elements on a FAFSA? What things do we need to certify annually versus not annually? Is there an income difference that would necessitate someone completing a new application? Do we have some students on one cycle on a FAFSA and other students on another cycle, and before long, people's eyes are crossed and it becomes an operational nightmare? How do you answer that question?

Ben Miller:

No, I think that's a totally reasonable concern. I think some of that gets easier if you're dealing with someone who already say, was at max Pell. So they were max Pell and their income declined, one advantage you could see here is that you could have a student who goes to the aid office and says, "Hey, my income went down," and the aid office could very easily look and say, "Yeah, but you're already a max Pell, so there's not really a point to refile." It's not going to benefit you in any way, so we're able to then knock those cases out.

Ben Miller:

It gets harder when you're dealing with someone who maybe had a big income increase, and I think you'd have to then make a judgment call about how much do you want to essentially say that somebody was low income and somebody is slightly less low income. We're going to make refiling. And I think one of the points that we try to push in the papers is saying, having a little more tolerance for essentially someone who's maybe getting a little more aid than their income would dictate, and the formula would. I think it'd be something you'd have to here.

Ben Miller:

I think we should be looking at much broader bands of how much an EFC dictates a Pell Grant, just because you'd want to go through a situation where a $500 income change is not forcing them to refile because if you get into a situation where you go to a multiyear FAFSA, but then everyone's refiling because of small dollar income changes, again, we've lost some.

Justin Draeger:

Yeah. What's the point?

Ben Miller:

Yeah.

Justin Draeger:

All right. I have a lot more questions on this, but let me bring Jen into this conversation for a second. Jen, you and your coauthors wanted to take a look at the FAFSA in light of ongoing free college proposals. And I put free college in air quotes here because free college means a lot of different things to different people. But let me ask you a question upfront. Assuming we have free college in your perfect world, is there a need for a FAFSA at all?

Jen Mishory:

Well, I think the answer goes back to your original point, which is free college means a lot of different things. We looked at state free college programs as they exist now, federal free college proposals and the answer is, of course, it depends on which program you're looking at and how you design the program.

Jen Mishory:

And then we looked at, to your question, how we would think about the FAFSA in maybe the most robust free college programs. So a federal program that's a first dollar program, so it's covering tuition. And you're really talking about non tuition costs.

Justin Draeger:

It seems to me that you mentioned as we acknowledge the elephant in the room, free college means different things to different states, and different candidates, and even in different platforms of the

Democratic Party, which is I was looking back at the Democratic platform that was adopted and. And it's still a little bit nebulous in there. So there's room to negotiate that out.

Justin Draeger:

But if we're looking at state free college programs, they do rely on the FAFSA and they do rely on the Pell Grant. That's part of how they create it except for, and you talk in the paper about the California College Promise Grant. And I wonder if you could talk about how that program is a little bit different from all the others that require a FAFSA.

Jen Mishory:

Sure. A lot of the modern free college programs, so the ones that have been passed in the past five years or so are last dollar programs, which means they are relying on the Pell Grant to meet that promise of free tuition. So they do require, and actually 15 states explicitly require that you file a FAFSA in order to be eligible for the program.

Jen Mishory:

I will add something that came up in our research on this, that was a bit of a flag that we actually want to look a little bit more into is not only do they require filing a FAFSA, but some of them also explicitly say, and if you're tagged for verification, you have to go through that process. Which as we know, the verification process can be particularly burdensome for low income students. So you end up in this situation where a free college program might be far more difficult for a low income student to actually access the benefit. That's just something we were cognizant of in the research, and definitely want to do some followup there.

Jen Mishory:

But to your question on California, so the California used to be known as the BOG Waiver. And now, has been condensed in this overall umbrella of the California Promise Grant in California. So you do not have to file a FAFSA. You can just file paperwork with your campus stating and showing that you have income low enough to qualify for this tuition waiver. That's a first dollar waiver, so you could also potentially get a Pell Grant to help you with non-tuition costs.

Jen Mishory:

What's interesting as we looked at some of the data there and found that, I think it was about half of participants utilize that option over completing the FAFSA, even though those participants might qualify for help in order to pay for non-tuition costs. But it's so clearly an easier path for these students that they're relying on that much simpler way to access that tuition rate. But it's 54%, and there's a lot of community college students in California. A huge number of them actually receive this BOG Waiver, so it's a large number that find it the easier pathway is just to fill out this form and state their income.

Justin Draeger:

Proof is in the numbers.

Jen Mishory:

Yeah.

Justin Draeger:

So given the option, half of them are opting not to fill out a FAFSA and still pursue this waiver?

Jen Mishory:

Right.

Justin Draeger:

You have a series of recommendations which I hope people will go and check out. We'll put the link to your paper in the show notes, but a couple of recommendations that I thought were interesting here, you run through a really good job of outlining the different and the various free college programs, and how they operate and how they stack on one another. And whether they rely on some sort of methodology to determine eligibility.

Justin Draeger:

Even the most progressive member of the candidate pool on the Democratic side for president, Bernie Sanders still sounded like he would have required some sort of assessment that even with his free college proposal. And I wonder if this ties in a little bit to one of your recommendations, which is you talk about if we have free college, maybe we don't need to do an assessment because we're providing this blanket subsidy for people.

Justin Draeger:

And then you talk about reducing reliance on the FAFSA for non-tuition costs for these indirect costs. Can you talk a little bit about that, how that might work?

Jen Mishory:

Yeah. We were thinking about the federal programs, the federal free college proposals or debt free college proposals. A lot of them still rely on their FAFSA for non-tuition costs. So if you think about it broadly in terms of a big federal investment in college finance and college affordability, if we're at a place where we're making that scale of investment, I think it's important not to leave behind some of the operational pieces, or some of the changes to the FAFSA that could still leave barriers for folks. And make it so that this vision is actually not quite as progressive as it was originally envisioned.

Jen Mishory:

And so came out with a couple of suggestions, one of which is just relying on some of the great proposals that are out there in terms of simplifying the FAFSA. So if you're a student who's now under this federal free college proposal, you can get free tuition. You still need coverage for non-tuition costs. Proposals that reduce the application questions that increase the cutoff for folks who are considered zero EFC, et cetera, those will all be helpful. But also thinking about are there ways to reduce the reliance on FAFSA in general, if we have more low income students who are going to college in a free college world, which ideally we do, because there is a clearer system. There's a clear benefit out there. We've seen that a lot of the research really shows that that's a clear communication, and it can be impactful for students.

Jen Mishory:

Then can we also make it that they can access some of these non-tuition costs in really a much simpler way? One example is we've proposed pilots for location-based universal non tuition benefits. So the kinds of non-tuition benefits that might be particularly helpful for low income students, targeted at schools that serve large numbers of low income students. So it's still a targeted program, but it's targeted maybe by school. So you could imagine things like benefits for transportation or for textbooks.

Jen Mishory:

The general idea is to say if we're going to mitigate some of the administrative hurdles for students, let's not leave those hurdles behind for the lowest income students who are then going to still have to figure out how to move through the FAFSA process. And if we're going to move away from some of the problems that means testing might pose to students, let's not leave those problems embedded in the system. And let's think a little bit more expansively.

Justin Draeger:

Let me bring Robert into this conversation. Our friend, Robert Kelchen, who was, I should point out recently featured on CBS Sunday Morning's national news program, Robert, I already asked you, but we didn't have to work through an agent to get you.

Robert Kelchen:

No, I do my own booking and I do my own stunts.

Justin Draeger:

We're glad to have you here. One of the things you looked at is something that I think folks who are new in the profession may not realize until they have the pleasure of doing a hand calculation and really digging into the formula, because what you looked at in your paper was the distribution of negative EFCs.

Justin Draeger:

This number is available if schools dig for it, but you have to go backwards into the formula a little bit, because the final EFC number is of course zero, but that's because it's truncated and all the negatives are cutoff.

Justin Draeger:

So let me ask you a question first. Why? Before we get to the distribution of negative EFCs and what you found, why? Why are we digging into this?

Robert Kelchen:

The issue is that a large and growing share of students have an EFC of zero. In 2015 and 2016, it was about 40% of all students. And colleges are strapped for resources, and states are too. So they're having to make tough decisions about who to give money to. So one of the purposes of a negative EFC is to give colleges and states better information about the relative need of individuals. And another one is to show the true financial need of students. That it's not enough to say that they can't contribute anything, that it's a minor miracle that they're able to even get to college given the financial barriers that they face.

Justin Draeger:

So what I'm getting here is targeting. If everybody in your population, if you're a school and the most of your students are Pell, and most of them are zero Pell, which is a common distribution at schools, the problem is everybody looks homogenous. But in reality, there are students with really acute need demonstrated by a negative EFC, and others who are just playing needy. Is there any difference between the two? I guess in a world of limited resources, there are, because you're trying to find the best way to use your money.

Robert Kelchen:

Yeah. It's all about triage at this point. And it gets even more salient now that states and colleges are under such financial pressure.

Justin Draeger:

Could you talk a little bit about the distribution? What'd you find in terms of how many students are going into the negative EFC territory before it's truncated?

Robert Kelchen:

Sure. The answer to that is most students who had a zero EFC go into the negative territory. And a fair number of students who were Pell eligible, but didn't have a zero EFC go negative maybe it's because of the student's financial resources, or it's the family's financial resources. But that there are enough places where the FAFSA truncates zero to negatives that a sizable share of students not just go negative, but go well negative. They go below say, negative 1,500. If you have an auto zero EFC, you're almost guaranteed to have an EFC below negative 1,500.

Justin Draeger:

A lot of the Pell charts that I see as I mentioned earlier, there's this uneven distribution. If you're receiving Pell, there's a good chance you're receiving full Pell. But what you're getting at here is that if you're a zero EFC, odds are you're really a negative EFC, which is highlighting a very acute financial need?

Robert Kelchen:

Exactly. And you may have an EFC that is negative several thousand. But the drawback of that is dependent students tend to have the most negative EFCs just because the formula allows for more places for them to go negative, while independent students have fewer places where the EFC is truncated, because you're just asking for the student resources instead of student and parent.

Justin Draeger:

Right. This also could then, besides just meeting financial need schools, states could use this information to also target other types of resources. So if you're going to be reaching out to students to see if they need any type of emergency aid, or perhaps there are other corollary things that you would dig in and say, we have these wraparound services that we can only offer to so many students, but this would be another way that you could target your absolute neediest population if you can't meet the need of like 60% to 70% of your students, but maybe 30% or 40% of them are the acute needy.

Robert Kelchen:

Exactly. Everything right now, unfortunately, is about triaging. And this is one more information point that can help the colleges and states make the best decisions on their very limited resources.

Justin Draeger:

We've seen some congressional bills that would allow actually EFCs to be published negative, but if things stay as they are, I think one of the things you suggested here was maybe we ought to publish negative EFCs along with the regular EFC. That would at least provide some context to the end, the institution or the state or a scholarship provider if they were collecting that sort of information. I don't think that would require any congressional action either. It seems like the department has this. They're doing the calculation on federal methodology at least. They could publish that.

Robert Kelchen:

Yeah, and it would save a lot of people from having to do those dreaded hand calculations.

Justin Draeger:

Are there any unintended consequences that you can see if we simplify the formula? We've been talking a lot about simplifying the formula, but if we simplify the formula in terms of losing this sort of data, so if I back out just a little bit and think about if we reduce the number of questions to X, we collect only this amount of information. Anything there that we would need to keep our eye on? Or do you think it all evens out in the end?

Robert Kelchen:

Getting rid of the asset questions is a pretty obvious simplification, especially as people with auto zero EFCs already are not filling out asset information. We can get enough of the information on a few income data elements for most people that you can still get a better idea of relative financial strength, even without making other additions.

Robert Kelchen:

And it's also interesting that there have been proposals in Congress to add a question to the FAFSA, to try to get at changes in students' circumstances. And it's one of the few times I've seen Congress talk about adding a question, but that may help in this situation too.

Justin Draeger:

All right. Thank you, Robert and Jen and Ben. We appreciate all of your time. We're going to have the links to your papers in our show notes. People should go and check those out. Keep the conversation going, send us your comments.

Justin Draeger:

Before we end, I do want to ask each of you one final question. We're going to say it's Christmas here in DC. You all have ultimate authority to make one change. We won't get into whether it's a congressionally approved change or department change. We'll leave all that aside. You get to make one change to the FAFSA as part of your Christmas gift. What would that one thing be?

Justin Draeger:

So I'll circle around to you in just a second. To all of our folks, I'll say, remember to subscribe. Tell a friend. Send us your comments, keep the conversation going. Robert, how about you? What's the one thing you'd like to see done to change the FAFSA?

Robert Kelchen:

Oh gosh. That's like asking you to choose your favorite one thing out of many. But the one obvious thing right now is one time FAFSA for graduate students, because unless you're interested in work study, you don't get anything subsidized anyway. That's a real low hanging fruit, no brainer that can stuff that Christmas stocking.

Justin Draeger:

We've just heard a collective scream of joy from our graduate community. So, well played, Robert. Ben, how about you?

Ben Miller:

I think for this Christmas, recognizing the situation we're in, I would call for a much higher income threshold to produce an auto zero, just because ... We had that higher income threshold and then we lowered it, but recognizing the number of people who've lost income, we're going to have to do a lot of professional judgements.

Ben Miller:

Even if we did it from one year to say much, much higher than normal auto zero, that can presumably cut down a ton of professional judgements, just because you might have people who their income even before they lost it would have still been below that threshold.

Justin Draeger:

All right. Jen?

Jen Mishory:

I think going on the theme of thinking of particular challenges this year, something around the connection between public benefits and max Pell, and then the automatic connection between folks accessing public benefits and receiving the Pell Grant, given what we're seeing in the economy.

Justin Draeger:

Yeah, this idea of it's one federal government. Why can't we coordinate to such an extent that if you're receiving some public benefit, we can't also provide you these other ones? All very good. Well, thank you, Robert and Ben and Jen for joining us. We really appreciate the contributions you've made to our FAFSA simplification and efficiency proposals.

Justin Draeger:

The NASFAA board has accepted many of the recommendations you've made. And thank you all for your long standing impacts that you've had on college access and success. We look forward to more conversations with you in the future. With that, I think we'll call this a wrap. Thanks, everyone.